

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: AB6455

Project Name	Community Investment in Rural Areas
Region	LATIN AMERICA AND CARIBBEAN
Country	BOLIVIA
Sector	General agriculture, fishing and forestry sector (70%); General water, sanitation and flood protection sector (30%).
Lending Instrument	SIL
Project ID	P107137
Borrower(s)	PLURINATIONAL STATE OF BOLIVIA
Implementing Agency	Ministry of Rural Development and Land (MDRyT)
Environment Category	{ }A { X }B { }C { }FI
Date PID Prepared	June 3, 2011
Estimated Date of Appraisal Completion	June 9, 2011
Estimated Date of Board Approval	July 19, 2011
Decision	Project authorized to proceed to negotiations upon agreement on any pending conditions and/or assessments.

I. Country Context

Bolivia is among the poorest and most unequal countries of Latin America. With an annual income per capita of US\$1,760 (2009) and 60 percent of the country's 9.1 million inhabitants living in poverty (38 percent of which in extreme poverty), Bolivia is one of the poorest countries in Latin America. With a Gini coefficient of 0.57 (2007), the country is also one of the most unequal in the world: in Bolivia, the richest 10 percent of the population holds 44 percent of the total income, while the poorest 10 percent only holds 0.5 percent. The United Nations Development Program ranked Bolivia 95th out of 177 countries in the world with a Human Development Index of 0.643 (2010), about at the same level as Paraguay, El Salvador and Dominican Republic but lower than neighboring Argentina, Brazil, Chile, and Peru.

Poverty is even more entrenched in rural areas. With about 30 percent of the total population living in rural areas, Bolivia is one of the countries of South America with the largest share of rural population. According to the World Development Report 2008, over 80 percent of the rural population in Bolivia lives below the poverty line, with 64 percent living in extreme poverty. Incomes in rural areas average around \$0.60 per day, which is less than one third of the median urban income, and the Gini coefficient for rural areas is 0.64. Large parts of the rural population in Bolivia live in remote areas and do not have access to basic infrastructure such as drinking water, electricity, road connections, or to basic social services such as education or health care. In the poorest quintile, more than a quarter of the children less than five years old are under height for their age, a share that is six times higher than for the richest quintile. Indigenous people, who represent the vast majority of rural population, are disproportionately affected by the uneven distribution and poor quality of basic services.

II. Sectoral and Institutional Context

Bolivia is reversing traditional anti-rural bias and has strongly decentralized its administration. In the last two decades, several reforms, culminated in the new Constitution enacted in 2009, have dramatically increased the resources and responsibilities of the regional and local levels of government and strongly increased the recognition of indigenous peoples' rights. Municipalities (*municipios*) are now in charge of—or share responsibilities for, among other things: the promotion of rural development, development and maintenance of infrastructure, as well as the collection of property taxes. While civil society participation in local planning and decision-making strongly influences local investment processes in Bolivia, the effects on poverty-reduction have been modest, among other things because most resources are allocated by municipalities to communities on an annual per capita basis, which tends to result in low endowments.

III. Project Development Objectives

The Project Development Objective is to improve access to sustainable basic infrastructure and services for the most disadvantaged rural communities selected in some of the poorest municipalities of Bolivia. This would be accomplished through a participatory process in which empowered rural communities identify, prepare, implement, and maintain development subprojects that respond to their priorities, based on the Community-Driven Development approach.

IV. Project Description

Component 1: Community capacity building. This component would finance technical assistance, training and capacity building for rural communities and community-based organizations to enable and empower them for the identification and implementation of community investments financed under Component 2.

Component 2: Community-Driven Development Investment. This component would finance small-scale investment subprojects presented by rural communities to respond to their self-identified priorities. Given the demand-driven nature of the Project, communities would have an open menu of social and economic investments, including but not limited to: rural infrastructure; basic services; vulnerability-reduction, food security and nutrition-enhancement activities; and management of natural resources.

Component 3: Coordination, Monitoring and Evaluation. This component would finance the establishment within the *Empoderar* Program of MRDL, and the operation of a Project Coordination Team responsible for the technical, administrative and fiduciary management of the Project at the central and regional levels.

V. Financing

Source:	(US\$m.)
Borrower/Recipient:	0.0
IDA:	40.0
Others (rural communities):	3.0
Total	43.0

VI. Implementation

Institutional arrangements. The Project implementing entity would be the Ministry of Rural Development and Lands (MRDL) through its *Empoderar* Coordination Unit¹. The MRDL has institutional competence for rural development and, through the *Empoderar* Unit, significant and satisfactory experience in the implementation of Bank-financed projects.

Implementation arrangements. The MRDL/*Empoderar* will be strengthened with a Project Coordination Unit (PCU) dedicated to the implementation of PICAR and comprising, as a minimum: (i) Project Coordinator; (ii) Financial Management Specialist; (iii) Procurement Specialist; (iv) Accountant; (v) Safeguard Specialist; (vi) Monitoring and Evaluation Specialist. At the field level, the Project will establish Regional Operational Units, which would each comprise, as a minimum: (i) Regional Coordinator; (ii) Rural Infrastructure Specialist; and (iii) Safeguard Specialist. All project staff will be recruited through an open and competitive process implemented through an independent entity and based on selection procedures, qualifications and terms of reference acceptable to the Bank. At the field level, facilitation and capacity building activities would be supported by project facilitators and/or locally-active community-based organizations and NGOs.

VII. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	X	
Natural Habitats (OP/BP 4.04)	X	
Pest Management (OP 4.09)	X	
Physical Cultural Resources (OP/BP 4.11)	X	
Involuntary Resettlement (OP/BP 4.12)	X	
Indigenous Peoples (OP/BP 4.10)	X	
Forests (OP/BP 4.36)	X	
Safety of Dams (OP/BP 4.37)	X	
Projects in Disputed Areas (OP/BP 7.60)*		X
Projects on International Waterways (OP/BP 7.50)		X

¹ *Unidad Desconcentrada "Empoderar" Ministerio de Desarrollo Rural y Tierras, Decreto Supremo 0304 dated September 16, 2009*

* *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

VIII. Contact point at World Bank and Borrower

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